



STATE OF MONTANA  
DEPARTMENT OF ADMINISTRATION  
INFORMATION TECHNOLOGY SERVICES DIVISION



Brian Schweitzer  
Governor

# State Of Montana Department of Revenue Agency IT Plan

***FOR FY2011 - FY2015 IT PLAN UPDATE***

---

Should you have any questions or comments regarding this template, or desire additional copies, please contact:

Warren Dupuis  
CIO Support Officer  
Telephone: 406-444-0415  
E-mail: [wdupuis@mt.gov](mailto:wdupuis@mt.gov)  
Website: <http://www.mt.gov/itsd/stratplan/statewideplan.asp>

INFORMATION TECHNOLOGY SERVICES DIVISION

Dick Clark, CIO  
Warren Dupuis, CIO Support Officer

January 7, 2010

---

# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>SECTION 1: AGENCY CONTACT INFORMATION .....</b>	<b>3</b>
<b>SECTION 2: AGENCY IT MISSION .....</b>	<b>3</b>
<i>2.1 Agency IT Mission Statement .....</i>	<i>3</i>
<b>SECTION 3: AGENCY SECURITY PROGRAM .....</b>	<b>4</b>
<i>3.1 Security Program .....</i>	<i>4</i>
<b>SECTION 4: AGENCY IT PLAN – GOALS &amp; OBJECTIVES .....</b>	<b>6</b>
<i>4.1 Goals .....</i>	<i>6</i>
<b>SECTION 5: IT INITIATIVES (FY2010 – FY 2015) .....</b>	<b>13</b>
<i>5.1 IT Initiatives .....</i>	<i>13</i>
<b>SECTION 6: ENTERPRISE ALIGNMENT .....</b>	<b>17</b>
<i>6.1 State Strategic Plan for IT Alignment.....</i>	<i>17</i>
<b>SECTION 7: EXPENDITURES .....</b>	<b>18</b>
<i>7.1 Planned Agency IT Expenditures .....</i>	<i>18</i>
<b>SECTION 8: ENTERPRISE IT INVENTORY .....</b>	<b>18</b>
<i>8.1 Inventory Update.....</i>	<i>18</i>

This page intentionally blank.



## EXECUTIVE SUMMARY

The Department of Revenue (DOR) believes its central purpose is to improve the quality of life for Montana citizens by excelling at public service and effective administration of the tax and liquor laws of Montana. The department successfully fulfills this purpose by:

- ensuring that revenues are collected to serve Montanans as intended by the legislature,
- advancing equity and integrity in taxation,
- providing innovative and respectful service,
- protecting the public health and safety, and achieving efficiency in liquor administration and,
- improving public understanding of Montana's revenue system.

The department's core values are rooted in the Montana Constitution and in fundamental values proven by human experience to lead an organization or community forward in a continuous positive manner. These core values include:

- Respect for All Persons
- Integrity and Justice
- Productivity and Effectiveness
- Teamwork and Community

Using its defined purpose and core values as a framework, the department identified the following business goals:

- To serve Montana's citizens by respecting their legal rights, recognizing their dignity as individuals, and advancing public understanding of the tax system.
- To advance equity and integrity in taxation by reducing the gap between taxes paid and taxes owed, and properly classifying and equalizing the value of all taxable property in the state.
- To protect the public health and safety in the consumption of alcohol by properly licensing alcoholic beverage establishments, and efficiently distributing alcoholic beverages through a state controlled system.
- To support the proper operation of local governments and school districts by effectively administering Montana's property tax system.
- To continually improve productivity by developing competent staff, using innovative practices and technology, and fostering teamwork within the agency.
- To continually improve productivity by developing effective working relationships with other state agencies, other levels of government, and the general public.
- To position the department to be prepared to manage various types of disasters.

Appropriate, efficient, cost-effective technology solutions play a fundamental role in the department's ability to successfully achieve these goals. The Information Technology & Processing (IT/PRO) Division seeks to enable that success through delivery of the highest quality computing services and support possible. To facilitate our effort, IT/PRO has developed an agency Information Technology (IT) plan to:

- provide Montana taxpayers with enhanced electronic services;
- provide desktop computing and network infrastructure that best meets the department's needs;
- provide electronic collaboration tools;
- develop and expand electronic records management;
- expand electronic tax compliance tools;
- implement imaging, workflow and web services;
- establish a workforce development plan;
- develop and implement business continuity/recovery plans;
- improve public understanding of Montana's revenue system and the services the department provides; and
- support the Governor's 20 X 10 Energy Initiative.

The agency plan includes goals and objectives that directly support DOR's business goals and are closely aligned with the State of Montana Integrated Information Technology Strategic Plan. Virtually all elements of DOR's Agency IT Plan are driven by recognition and understanding of our user needs. The Agency IT Plan constitutes a blueprint for building on the foundation laid in the last few years to create a first-class computing environment. All of the initiatives presented in this plan are designed to ensure that DOR is operating at the highest level of efficiency and is providing the citizens of Montana with the best possible quality and value for their tax dollars.

## SECTION 1: AGENCY CONTACT INFORMATION

***Agency Name:*** *Montana Department of Revenue*

***Role: Plan Owner***

Name: Dan Bucks, Director

Telephone Number: 406-444-1900

E-Mail Address: [dbucks@mt.gov](mailto:dbucks@mt.gov)

***Role: IT Contact***

Name: Margaret Kauska, IT/PRO Administrator

Telephone Number: 406-444-9535

E-Mail Address: [mkauska@mt.gov](mailto:mkauska@mt.gov)

***Role: IT Contact (Alternate)***

Name: Larry Logan, IT Bureau Chief

Telephone Number: 406-444-4395

E-Mail Address: [llogan@mt.gov](mailto:llogan@mt.gov)

## SECTION 2: AGENCY IT MISSION

### 2.1 Agency IT Mission Statement

Employees of the Information Technology and Processing Division are dedicated to providing the highest level of technical leadership and information services to the Department of Revenue, its employees, its partners, and the citizens they serve.

- To our employees, you are our future.
- To our customers, we dedicate ourselves to your continued success.
- To our citizens, we pledge cost-effective, innovative solutions.

## SECTION 3: AGENCY SECURITY PROGRAM

### 3.1 Security Program

MCA 2-15-114 identifies the Department of Revenue's responsibility with regard to information security. To comply with statute, the department:

- developed, and maintains, written internal information security policies and procedures
- employs an information security officer to administer the department's information security program
- employs multiple layers of user authentication for system access
- ensures segregation of duties when creating security matrix access roles
- subscribes to the "least privilege" philosophy in granting system access
- employs a disclosure officer to ensure compliance with the IRS's Publication 1075 - Tax Information Security Guidelines, National Institute of Standards and Technology (NIST) Security Standards, and the Montana Taxpayer Bill of Rights
- includes appropriate security requirements, as determined by the department, in the written specifications for the department's solicitation of data and information technology resources
- ensures that system audit trails are reviewed, and
- ensures that internal evaluations of the information security program are conducted.

In a continuing effort to improve the security of confidential data entrusted to the department, DOR contracted with an independent firm to provide a security audit, and an associated risk analysis, of the department's physical space, document storage and information systems. The audit identified additional, cost-effective safeguards to reduce, eliminate, or recover from identified threats to confidential information.

DOR uses Novell Endpoint Security Management (ESM). ESM provides DOR with the tool needed for creating, distributing, enforcing, and monitoring security policies on endpoint devices, without forcing users to make security decisions or adjust settings. Endpoint secures data stored on devices and on removable media by encrypting files so they can only be read by authorized users, protecting sensitive taxpayer information should a portable device be lost or stolen. Endpoint also prevents intentional or inadvertent transmission of data to removable storage devices.

The Department of Revenue (DOR) provides its employees with information security training covering the following topics:

- network security
- laws, rules, and policies
- login IDs and passwords
- viruses, hoaxes, and chain letters
- proper use of e-mail and the Internet
- user responsibilities

In addition to training, the department's security officer heightens awareness by publishing articles in the department's bi-weekly newsletter and posting security links of interest on the department's Intranet.



The Internal Revenue Service (IRS) recently conducted a safeguard review to ensure DOR protects the confidentiality of tax return information furnished by the IRS under the provisions of section 6103(d) of the Internal Revenue Code.

DOR and DOA/ITSD have a Memo of Understanding to improve the security and administration of the DOR mid-tier environment. The improvements provide DOR with dedicated, segregated servers located on ITSD's raised floor, creating a more secure environment for DOR confidential data. Joint administration places management responsibilities with DOR staff and provides greater administrative and supervisory control over those resources. In the event of an incident, the segregated environment also makes information sharing more possible, thus closing any communication gap.

## SECTION 4: AGENCY IT PLAN – GOALS & OBJECTIVES

### 4.1 Goals

#### **ITG 1 Partner with the department's business units in identifying and implementing appropriate, efficient, cost-effective technology solutions.**

Description: Ensure Montana citizens and businesses are served through responsible, appropriate investment in, and implementation of, IT resources.

Benefits: The department is best positioned to meet its statutory responsibilities and performance objectives.

This goal supports the following State IT Strategic Plan objectives:

- Objective 1-1: Develop IT resources in an organized, deliberative, cost-effective manner.
- Objective 1-2: Utilize IT best practices to implement and manage information technology systems in a coordinated manner.
- Objective 1-4: Assure planning, development, and implementation of new information technology resources is conducted in conjunction with budget development and approval.
- Objective 1-6: Continue to encourage and promote the use of innovative technologies for delivering government services.

#### **Supporting Objective/Action**

##### **ITO 1-1 Expand and enhance e-services**

Business Requirement: The need for improved and enhanced electronic services for Montana citizens and businesses; to provide access to online unclaimed property filing and online auctions for unclaimed property held by the state; to provide counties online file-and-pay options for centrally assessed taxes; and to provide citizens secure and convenient mobile file-and-pay options for wireless devices.

Benefits: Wide-spread use of electronic services will increase accuracy and efficiency in returns processing resulting in improved citizen service. These services make complying with tax regulation less burdensome thus improving voluntary compliance; provide a convenient means for citizens to claim their abandoned property; result in better market values received for auctioned property thus maximizing revenues to the general fund; and reduce tax processing by enabling citizens to file or pay taxes using wireless devices.

Anticipated risks: inability to improve public understanding of Montana's revenue system and the services the department provides; delayed implementation; cost of payment portal; FTE to support e-services

Timeframe for completion: FY11/FY12

Measures of completion: Electronic filing and payment options available for all appropriate tax types.

#### **Supporting Objective/Action**

##### **ITO 1-2 Continued Support of the Governor's 20 X 10 initiative**

Business Requirement: The need for greater environmental responsibility and reduced nonrenewable resource consumption.

Benefits: reduction in costs through reduced energy usage and an improved environment.

Anticipated risks: Initial cost; ROI – energy, staff, travel time, ongoing costs

Timeframe for completion: On-going

Measures: Permanently adopted environmentally responsible procurement and implementation practices

### **Supporting Objective/Action**

#### **ITO 1-3 Implementation of electronic collaboration technologies**

Business Requirement: The need to make state-wide information sharing and training more effective, productive, safe, and cost effective.

Benefits: Meetings held using electronic collaboration technologies, rather than in-person, will not only be more energy efficient but will provide for improved productivity, communications, education and training, and reduced travel time. There is significant potential for more productive and more frequent collaboration with state-wide employees and other entities. Eventually, the service can be made available to citizens and businesses that have matters or issues pending with the department leading to additional cost reduction while improving communication with Montana citizens.

Anticipated risks: cost; telecom and bandwidth capacity issues; training; IT support;

Timeframe for completion: FY12

Measures: Electronic collaboration tools deployed and widely used by department staff; a plan in place for the extension of this service to citizens and businesses interacting with the department.

### **Supporting Objective/Action**

#### **ITO 1-4 Improve efficiency, service, and taxpayer confidentiality through imaging technology**

Business Requirement: The need to manage the flow of paper documents throughout the agency; process refunds more timely; reduce data security risk associated with physical transportation of paper documents; improve compliance activities; and make information more rapidly and readily available to decision and policy makers.

Benefits: While it continues to reduce paper returns through electronic filing, the department, nevertheless, devotes significant resources moving, retrieving, and storing paper documents to facilitate compliance activities. Physical transport of paper documents to and from off-site facilities includes a heightened risk of disclosure of confidential state tax documentation. Imaging and workflow will greatly enhance the department's ability to protect confidential taxpayer information while improving its overall efficiency in compliance activities, returns processing and error correction, and overall service to the taxpayer. Ongoing implementation includes dynamic two-dimensional bar coding to extend the benefits of efficient tax return processing, faster taxpayer refunds, enhanced information for legislative decision making, and increased tax revenues from compliance. Further, implementation in the Property Assessment Division (PAD) will improve property valuation activities and property tax administration. The efficiencies realized in PAD would accommodate the future growth of parcels in the state and minimize the need to increase staff.

Timeframe for completion: FY11/FY12

Measures: Successful implementation of scanning and imaging system department-wide.

### **Supporting Objective/Action**

#### **ITO 1-5 Records and information management**

Business Requirement: The Montana Department of Revenue is responsible for the administration, security and confidentiality of state tax documentation, in both physical and electronic formats dictating the necessity for a centralized records management function. The department has not established department-wide, routine inventory and disposition practices for all of its records and does not have department-wide records management practices and policies. As a result, it may not be meeting its statutory requirements and may be subject to security risks.

Benefits: Enables the department to better manage document and records retention; address security issues related to capturing confidential taxpayer data.

Anticipated risks: Delayed implementation; IT support; training; FTE; cost

Timeframe for completion: FY12/FY13

Measures: Successful records management system implementation.

### **Supporting Objective/Action**

#### **ITO 1-6 Expand implementation and use of electronic compliance tools**

Business Requirement: The need to implement data and statistical analysis tools to maximize the validity and reliability of cross-matching and compliance activities using data from GenTax, Orion, IRS, and other DOR sources.

Benefits: Ensures, to the greatest extent possible, that every taxpayer pays their fair share and enables the department to close the tax gap and properly administer the tax laws. Ensures a level playing field to support equal competition in the marketplace and equitable economic development opportunities. Provides better valuation and helpful information for investors and real estate transactions.

Anticipated risks: Delayed implementation; IT support; training; FTE; cost

Timeframe for completion: FY11

Measures: Successful implementation of data and statistical analysis tools that measurably enhances compliance.

### **Supporting Objective/Action**

#### **ITO 1-8 Improve customer service through a redesigned DOR website**

Business Requirement: The need to improve public understanding of Montana's revenue system and the services the department provides and to make on-line interaction with the department more efficient, productive, and informative for the taxpayer.

Benefits: Improved voluntary compliance and improved quality of service to citizens of Montana. As the department expands and enhances e-services, a user friendly web site will encourage greater participation in all the e-services provided by the department. Supports the department's mission by designing a user-friendly, citizen-centric DOR Web site.

Anticipated risks: Delayed implementation; ITSD support; training; FTE;

Timeframe for completion: FY11/FY12

Measures: Redesigned Web site available to the public.

### **Supporting Objective/Action**

#### **ITO 1-9 DOR local area network infrastructure upgrade**

Business Requirement: The department's current server environment consists of approximately 15 stand-alone servers, most running single applications. This environment equates to under-utilized hardware, wasted space, and excessive power usage. Blade servers coupled with virtualization deliver considerable value, both for the effort required in the implementation and for the hardware and software dollars spent. With this implementation, DOR not only will provide network services using less space, less power, and less cooling but will realize the added benefit of higher availability while putting a flexible, agile infrastructure in place to support our scanning, imaging, and workflow initiatives. Management tools offered both by blade server systems and virtualization software supports greater resource availability, ease of maintenance, and load balancing. Additionally, the modular hardware components have built-in hot swappable, redundant, high network availability capabilities. Moving to a Storage Area Network (SAN) strategy increases disk utilization, decreases workload, improves disaster recovery capabilities, improves overall availability, and supports server clustering. Migrating to a Microsoft Windows network operating system requires a single skill set, simplifies support, and aligns DOR with ITSD.

Benefits: Redundancy, 24X7 network availability, infrastructure to support scanning/workflow initiatives,

and reduced energy consumption.

Anticipated risks: Delayed implementation; IT support; training; FTE;

Timeframe for completion: 4th Q/FY11

Measures: Blade center/SAN in full production, Windows operating system fully deployed, Novell Netware retired.

### **Supporting Objective/Action**

#### **ITO 1-10 Orion property valuation system enhancement**

Business Requirement: The need to provide additional system functionality not covered under the vendor maintenance and support contract. Additional functionality needed includes enhancements allowing DOR to better meet local governments' data requirements; to make the valuation process more accurate, timely, and taxpayer friendly; and to support data sharing and centralization to facilitate tax administration and compliance activities

Benefits: Better, timelier delivery of certified values to local governments and service to, and communication with, taxpayers through online services for submitting information to the department. The efficiencies realized in the Property Assessment Division would accommodate the future growth of parcels in the state and minimize the need to increase staff.

Anticipated risks: Lack of management buy-in, IT support; training

Timeframe for completion: FY11/FY12

Measures: Successful deployment of automated process and availability of on-line access property owners.

### **Supporting Objective/Action**

#### **ITO 1-11 Support enterprise implementation of an identity management system**

Business Requirement: The need to better manage the security lifecycle, i.e., account creation, suspension, privilege modification, and account deletion, thus better securing DOR systems and data from unauthorized access.

Benefits: User identities are provisioned and coordinated; application provisioning is automated; user roles, privileges, and credentials are managed; administrators delegate responsibility; administrators deploy applications easily and securely; users self-manage their preferences and passwords; users have single sign-on access. Administration costs are reduced through centralized account management and automated tasks; application deployment is accelerated by enabling new applications to use the existing infrastructure to provision user accounts and privileges; time needed to grant new-user access is reduced; and security and usability is improved by centrally managing user passwords and security credentials.

Anticipated risks: Lack of management buy-in, funding, IT support; training

Timeframe for completion: FY13

Measures: Implementation recommendations are ready for presentation to department leadership

### **Supporting Objective/Action**

#### **ITO 1-12 Implement a consolidated application & system support model**

Business Requirement: The need to consolidate the information technology support of all Department of Revenue's automated systems within the Department of Revenue Information Technology and Processing Division (IT/PRO). Information technology support includes, but may not necessarily be limited to network, data, software and hardware security; software and hardware purchase, maintenance, development and planning; database administration; systems development and maintenance processes and procedures; business user training related to system functions and features; and vendor contracting and contract administration related to hardware, software, security or other technical support areas.

Benefits: Strengthens the physical and electronic data security and privacy safeguards by the uniform administration and application of data security and privacy rules that comply with the State of Montana and Department of Revenue standards; increases the effectiveness and efficiency of the maintenance, support and development of the department's automated systems through the implementation of standardized production support, production migration and system development processes and procedures; improves the department's long range IT planning and decision making across all divisions by incorporating the knowledge and experience of those affected divisions in all phases of the planning and budgeting processes for the IT related areas such as hardware or software; maximizes the allocation of limited DOR resources by implementing a department-wide process of identifying, prioritizing and scheduling all IT related work from small production problems to large scale system development efforts; ensures that the business and management analysts are equipped with the data analysis and reporting capabilities to meet the DOR's dynamic and complex data analysis and reporting requirements.

Anticipated risks: Lack of buy-in, IT support; training, FTE

Timeframe for completion: 2<sup>nd</sup> QTR/FY11

Measures: Upgraded data security and privacy controls for all of the DOR's automated systems; standardized problem reporting process; enhanced SR prioritization process; standardized production migration process; assessment of the PAD technical environment; and a data analysis and reporting tool successfully implemented

#### **Supporting Objective/Action**

#### **ITO 1-13      Liquor Warehouse Management System**

Business Requirement: The need to implement a warehouse management system to manage the inventories, sales, and accounting for the State Liquor Warehouse.

Benefits: Better utilization of existing warehouse space; increased efficiencies through technology; decreased product cost; maximized contribution to the general fund; extended liquor warehouse life expectancy; enhanced management and reporting tools; and improved customer service.

Anticipated risks: Funding, IT support; training

Timeframe for completion: FY12/FY13

Measures: Warehouse management system in full production

### ***Goal Number 2:***

#### **ITG 2      Recruit, develop and retain a high quality Information Technology workforce**

Description: Attract and retain a qualified information technology workforce through competitive pay and effective use of training.

Benefits: Enable employees to continuously improve performance and contribute to the department's efficiency and effectiveness.

This goal supports the following State IT Strategic Plan objectives:

- Objective 1-7: Implement a workforce development plan to recruit and retain a skilled and properly staffed IT workforce.

### **Supporting Objective/Action**

#### **ITO 2-1      Establish a workforce development plan**

Business Requirement: The need to recruit and retain qualified IT professionals

Benefits: Aids in the development of a more productive, competent and content workforce leading to an improved computing environment for department employees and Montana taxpayers.

Anticipated risks: High turnover and inability to fill vacancies

Objective: Address the recruitment and retention problems faced by the department due to the disparity between department IT salaries and those offered by private-sector employers and other state agencies, and to develop well defined career paths for all applicable positions.

Supports/Implements State IT Goal: Create quality jobs

Timeframe for completion: FY12

Measures: All IT positions reviewed for accuracy in classification, with a competitive salary plan and career paths in place with HR approval.

### ***Goal Number 3:***

#### **ITG 3      Ensure continuity of business operations**

Description: Define procedures to ensure timely and orderly resumption of DOR's business operations with minimal or no interruption to time-sensitive services.

Benefits: Continued service to the Montana taxpayers and continued productivity by DOR staff.

This goal supports the following State IT Strategic Plan objectives:

- Objective 2-6: Expand business continuity and disaster planning..

### **Supporting Objective/Action**

#### **ITO 3-1      Develop & implement a department-wide business continuity/resumption plan**

Business Requirement: The need to ensure DOR's ability to survive a disaster, to resume normal operations and to reestablish critical services within a reasonable time. To identify weaknesses and implement a disaster prevention program; minimize the duration of a serious disruption to business operations; facilitate effective co-ordination of recovery tasks; and reduce the complexity of the recovery effort.

Benefits: Continued service to the Montana taxpayers and continued productivity by DOR staff.

Timeframe for completion: FY11/FY12

Measures: Department-wide business continuity/resumption plan implemented to include supplemental plans for ongoing testing and updating

### **Supporting Objective/Action**

#### **ITO 3-2      Payment processing and tax return custody services**

Business Requirement: The need for an alternative, back-up tax payment processing and tax return custody service should a disaster render the current department tax payment and return processing facility unavailable.

Benefits: Daily processing of state revenues will continue and confidential taxpayer information will be protected by rerouting tax returns and payments to an alternate, secure location should the Helena

processing facility be unavailable due to a major disaster. A minimum level disaster response is provided.

Timeframe for completion: 1<sup>st</sup> Qtr/FY11

Measures: Contract is in place with vendor to provide the needed services as identified in an RFP for same.



## SECTION 5: IT INITIATIVES (FY2010 – FY 2015)

### 5.1 IT Initiatives

#### **Initiative 1 - Title: Next Phase of E-Services**

**Description:** The Department of Revenue (DOR) would like to provide a variety of online and convenient services for citizens, local governments and the state. These services include functionality that ensures the security and accuracy of the data resulting in better service and timely tax collections.

**Project Purpose and Objectives:** To provide a fast and convenient means for citizens to claim their abandoned property online, maximize revenues to the general fund, and reduce tax processing by enabling citizens to file or pay taxes using wireless devices.

**Technical Implementation Approach:** Determine any additional hardware/software needs; continue researching web services

**Project Schedule and Milestones:** Begin July 1, 2011 and end June 30, 2013

**Business and IT Problems Addressed:** This request would allow citizens to secure their unclaimed property quicker by filing online; enable citizens to participate in online auctions for unclaimed property held by the state, which will result in a better market value for the property and maximize the return on revenues to the general fund; allow counties to file and pay centrally assessed taxes online; and implement the ability for citizens using mobile applications and wireless devices to file and pay their taxes securely and conveniently.

#### **Alternative(s)**

Alternatives Considered: Imaging and scanning project

Rationale for Selection of Particular Alternative: This project will work in conjunction with the next phase of the Imaging project

#### **Estimated Cost of Project**

Contracted Services: \$750,000 for mobile application and additional file and pay options

Contingency: 10% of total due to less risk with prior implementation - \$75,000

Total Estimated Costs: \$825,000

#### **Initiative 2 - Title: Next Phase of Orion**

**Description:** The Department of Revenue (DOR) would like to provide additional functionality to Orion that may not be covered in the Maintenance and Support contract with our vendor Tyler Technologies. This phase would include functionality to extend better service to local government, make the valuation process more accurate, timely, and taxpayer friendly, and would better support the tax and revenue administration between the state tax system and the property tax system.

**Project Purpose and Objectives:** This request would provide for better and more timely service to local governments through a more thoroughly automated certification of values process and better service to, and communication with taxpayers through online services for submitting information to the department. The efficiencies realized in the Property Assessment Division would accommodate the future growth of parcels in the state and minimize the need to increase staff.

Technical Implementation Approach: Determine any additional hardware/software needs; continue researching web services

Project Schedule and Milestones: Begin July 1, 2011 and end June 30, 2013

Business and IT Problems Addressed: These services will result in more efficient processing and improve the quality of services provided to citizens of Montana, and ease the burden of complying with tax regulation.

Alternative(s)

Alternatives Considered: None as this is a COTS product

Estimated Cost of Project

Contracted Services: \$600,000 for vendor support

Contingency: 20% of total due to the unknown system functionality needs now and in the future, higher risk - \$120,000

Total Estimated Costs: \$720,000

### **Initiative 3 - Title: Ongoing System Maintenance and Support**

Description: The Department of Revenue has purchased two COTS products for tax processing – GenTax for our Integrated Revenue Information System (IRIS) and Orion for the valuation of property taxes. Both systems reside on the state mid-tier environment supported by the Department of Administration (DOA), Information Technology Services Division (ITSD). In addition, the maintenance for Imaging and Scanning will be with our vendor FairFax.

Project Purpose and Objectives: To adequately support and maintain DOR's core systems GenTax and Orion in conjunction with imaging and scanning.

Technical Implementation Approach: N/A

Project Schedule and Milestones: N/A

Business and IT Problems Addressed: Ongoing maintenance and support

Alternative(s)

Alternatives Considered: None, as these are COTS products that require a long term relationship with the vendors. These systems inherently require a long term maintenance contract with the vendors.

Rationale for Selection of Particular Alternative: The State of Montana failed in the period from 1997 – 2003 in developing a viable integrated tax system from the ground up. That failure led to the legislative cancellation of the prior system in 2003 and to the department decision in 2004 to employ a COTS solution as a proven approach successfully applied in several other states and Montana since that time.

Estimated Cost of Project:

Contracted Services: \$556,000 for Tyler and \$1,600,000 for FAST and \$230,000 for FairFax = \$2,386,000

Total Estimated Costs: \$2,386,000

#### **Initiative 4 - Title: Liquor Warehouse Management System**

Description: The Department of Revenue (DOR) would like to implement a Warehouse Management System to manage the inventories, sales, and accounting for the State Liquor Warehouse.

**Project Purpose and Objectives:** The new system is necessary to update to a true warehouse management system to allow for better utilization of the warehouse space and to add new technology to increase efficiencies of the warehouse staff. The Liquor Control Division has increased profits to the state general fund by reducing its costs from 1.88% of the value of liquor sales in FY2004 to 1.49% in FY2009. The division wishes to continue to decrease cost relative to product values and maximize profits to the general fund through this proposal.

**Technical Implementation Approach:** Determine any additional hardware/software needs

**Project Schedule and Milestones:** Begin July 1, 2011 and end June 30, 2013

**Business and IT Problems Addressed:**

1. Extend the usable life of the liquor warehouse thereby decreasing long term facility costs to the general fund
2. Improve productivity for handling product to maximize profits to the general fund
3. Enhance control and reporting features thereby reducing the risk of inventory shortages and labor deficiencies
4. Improve customer service through faster order turnaround
5. Enhance inventory controls to better manage and reduce the on-hand inventory levels, which will save space
6. Increase shipping and inventory accuracy

**Alternative(s)**

**Alternatives Considered:** Keeping current functionality in GenTax system

**Rationale for Selection of Particular Alternative:** Montana was the first jurisdiction to implement this functionality in GenTax, and although it works, it isn't as efficient as a true warehouse management system would be for the division.

**Estimated Cost of Project:**

**Contracted Services:** \$500,000

**Contingency:** 20% of total due to unknowns, higher risk - \$100,000

**Total Estimated Costs:** \$600,000

#### **Initiative 5 - Title: Improve Efficiency through Imaging Technology Phase 2**

Description: The department is implementing imaging technology to manage the flow of paper documents throughout the agency. DOR would like to achieve a higher level of imaging that would allow the department to process refunds timelier for the citizens, resulting in better compliance, and would maximize the processing of information for legislative, policy making and revenue administration.

**Project Purpose and Objectives:** The purpose of this proposal is to extend the benefits of efficient tax return processing, faster taxpayer refunds, enhanced information for legislative decision making, and increased

tax revenues from compliance realized through an imaging project in the current biennium full through 2d bar coding of the most complex state returns in the 2013 biennium. Further, the proposal will improve the valuation of property tax purposes and the efficiency of property tax administration through a further extension of imaging technology in the Property Assessment Division (PAD). The efficiencies realized in PAD would accommodate the future growth of parcels in the state and minimize the need to increase staff.

Technical Implementation Approach: Determine any additional hardware/software needs; continue researching web services and installing scanners statewide as appropriate

Project Schedule and Milestones: Begin July 1, 2011 and end June 30, 2013

Business and IT Problems Addressed: The department devotes significant resources moving, retrieving, and storing paper documents to facilitate compliance activities. Physical transport of paper documents to and from the off-site facilities includes a heightened risk of disclosure of confidential state tax documentation. Imaging and workflow will greatly enhance the department's ability to protect confidential taxpayer information.

Alternative(s)

Alternatives Considered: Increasing the use of e-services for filing and paying taxes

Rationale for Selection of Particular Alternative: With the first phase going into production, we will continue to pursue this option as there will always be paper filings to handle and this makes us more efficient.

Estimated Cost of Project

Software: \$50,000 for one time dynamic 2d bar-coding licensing; \$100,000 for one time technical support to implement

Maintenance: FairFax maintenance \$230,000

Contingency: 10% of total due to less risk with prior implementation - \$68,000

Total Estimated Costs: \$448,000

## SECTION 6: ENTERPRISE ALIGNMENT

---

### 6.1 State Strategic Plan for IT Alignment

Please indicate which Communities of Interest your agency plans to be involved in. Agencies are asked to select at least one, but can select as many as needed. Further planning work by the communities of interest will take place following submission of agency IT plans.

- ☒ Government Services
- ☐ Public Safety
- ☒ Human Resources
- ☐ Environmental
- ☐ Education
- ☒ Economic
- ☐ Cultural Affairs
- ☒ Finance

## SECTION 7: EXPENDITURES

### 7.1 Planned Agency IT Expenditures

<u>Expense Category</u>	<u>FY2010</u>		<u>FY2011</u>		<u>FY2012</u>		<u>FY2013</u>		<u>FY2014</u>		<u>FY2015</u>
Personal Services	2,072,000		2,176,000		2,285,000		2,399,000				
Operating Expenses											
Initiatives											
Other expenditures	688,000		722,000		758,000		796,000				
<b>Totals</b>	0		0		0		0		0		0

## SECTION 8: ENTERPRISE IT INVENTORY

### 8.1 Inventory Update

*Has the Agency updated their IT Inventory Database as outlined in Section 8 of the instructions? Yes*

*Date that Agency last updated their IT Inventory: 5/17/2010*